

**STA. MONICA INDUSTRIAL AND DEVELOPMENT CORPORATION,
PETITIONER, VS. THE COURT OF APPEALS AND THE REPUBLIC OF
THE PHILIPPINES, RESPONDENTS.***G.R. No. 83290. September 21, 1990*

Ponente: CORTES, J.

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This case arose from proceedings to annul a 1912 decision of the land registration court.

In 1912, the Tribuna del Registro de la Propiedad (Court of Land Registration) of Zambales, through Judge James Ostrand, in Land Registration Case (LRC) No. 6431, confirmed the title of Justo de Perio over two (2) parcels of land in Zambales. On August 28, 1912, Decree No. 9328 was issued by the court ordering the registration of the two (2) parcels of land in the name of De Perio. On December 6, 1912, Original Certificate of Title No. 48 of the Registry of Deeds of Zambales was issued to De Perio. Parcel No. 1 consists of an area of eleven thousand six hundred ninety-seven square meters (11,697sq. m.) while Parcel No. 2 consists of three hundred forty thousand eight hundred twenty square meters (340,820 sq.m.). In 1936, a portion consisting of ten thousand four hundred square meters (10,400 sq.m.) of Parcel No. 2 was sold to the Province of Zambales. The sale was annotated at the back of OCT No. 48. In 1954, OCT No. 48 was cancelled and TCT No. T-1369 was issued to Mercedes de Valencia pursuant to an extrajudicial settlement of De Perio's estate. In 1962, De Valencia sold Parcel No. 1 to Ricardo Baloy. Baloy was issued TCT No. T-7696 in 1966. In 1967, De Valencia subdivided Parcel No. 2 into five (5) lots (Lots 2-A to 2-E). TCT No. T-1369 was cancelled and TCT Nos. 11865, 11866, 11867, and 11869 were issued to De Valencia. TCT No. 11868, corresponding to the portion previously sold to the Province of Zambales, was issued to the Republic of the Philippines. In 1970, De Valencia sold the lots covered by TCT Nos. 11865 and 11866 to petitioner Sta. Monica Industrial and Development Corporation. TCT Nos. 11865 and 11866 were cancelled and TCT Nos. T-12054 and T-12055 were issued to petitioner. Petitioner consolidated the two (2) parcels of land and subdivided them into five hundred thirty-six (536) residential lots which it sold to individual buyers.

In 1985, respondent Republic of the Philippines, through the Solicitor General, filed with the Court of Appeals a complaint for the annulment of the decree in LRC No. 6431, OCT No. 48 (issued to De Perio), TCT No. T-1369 (issued to De Valencia) and TCT No. T-7696 (issued to Baloy). Respondent alleged that the decree in LRC No. 6431 was null and void for lack of jurisdiction because the land was inside the U.S. naval reservation and that it was still within the forest zone in 1912, having been released therefrom only in 1961, and hence cannot be the subject of disposition or alienation as private property. Named defendants were De Valencia and her husband, Baloy and his wife and the Register of Deeds of Zambales. The case was docketed as CA-G.R. SP No. 06259.

The Baloy spouses filed their answer to the complaint.

With leave of court, petitioner intervened and filed an answer-in-intervention. Later, petitioner filed its first motion for preliminary hearing on the affirmative defense of *res judicata*, which the Court of Appeals denied.

Petitioner did not seek reconsideration thereof.

Trial on the merits ensued. The Republic offered its evidence, consisting of a land classification map prepared by the Director of Forestry in 1961 to prove that the land became alienable and disposable only in 1961, and rested its case. Petitioner then proceeded to present its evidence. This was, however, cut short when the Republic moved to amend its complaint to include as party defendants all the other transferees of the land and, thereafter, filed its amended complaint. Petitioner again moved for a preliminary hearing on its affirmative defense of *res judicata* in an effort to shorten the proceedings.

The Court of Appeals, holding that *res judicata* cannot be invoked as a bar to an action for annulment of judgment on the ground of lack of jurisdiction, denied the motion. Petitioner's motion for reconsideration was also denied, hence this petition.

After the comment and reply were filed, the Court gave due course to the petition and, as required, the parties filed their respective memoranda.

On April 2, 1990, the Court set the case for hearing on May 7, 1990 because, as stated in the resolution:

. . . after deliberating extensively on it, the Court finds the need to hear the oral arguments of the parties on issues which are considered determinative of the case, including the following:

1. the nature and classification, under the pertinent laws traced back to the turn of the century, of the two parcels of land decreed and originally titled in 1912 to De Perio; and
2. the legal considerations that compelled the Government to seek the annulment of the decree of the Court of Land Registration issued in favor of De Perio, his title, and the titles of his successors-in-interest.

The parties were heard in oral argument and thereafter they were required to submit their memoranda in amplification of their arguments.

The question presented before the Court is whether or not respondent CA committed reversible error of law in denying petitioner's motion for preliminary hearing on its affirmative defense of *res judicata*.

As iterated in a long line of cases, the following requisites must concur for a prior judgment to constitute a bar to a subsequent case: (1) the judgment must be final; (2) the judgment must have been rendered by a court having jurisdiction over the subject matter and the parties; (3) the judgment must be on the merits; and (4) there must be between the first and second actions, identity of parties, of subject matter, and of causes of action [*San Diego v. Cardona*, 70 Phil. 281 (1940); *Ipekdjian Merchandising Co., Inc. v. Court of Tax Appeals*, G.R. No. L-15430, September 30, 1963, 9 SCRA 72; *Yusingco v. Ong Hing Lian*, G.R. No. L-26523, December 24, 1971, 42 SCRA 589; *Aroc v. People's Homesite and Housing Corporation*, G.R. No. L-39674, January 31, 1978, 81 SCRA 350; *Republic v. Alagad*, G.R. No. 66807, January 26, 1989, 169 SCRA 455; *Vencilao v. Vano*, G.R. No. L-25660; February 23, 1990.]

In contending that the judgment in LRC No. 6431 should be annulled because the land registration court had no jurisdiction over the subject matter of the case, the respondent Republic puts in issue the presence of the second requisite. Therefore, the ultimate issue before the Court is whether or not the land registration court had jurisdiction over the two (2) parcels of land claimed by De Perio, the predecessor-in-interest of the petitioner herein.

Necessarily, the resolution of this issue requires an inquiry into the nature of the subject parcels of land in light of the laws prevailing at the time the judgment in the land registration case was rendered.

Petitioner's primary argument, as summarized in its memorandum, was as follows:

17. It must, therefore, be presumed that in LRC Case No. 6431, the court found from the evidence adduced by the parties that (1) the two parcels of land in question were agricultural lands as the phrase is used in Act No. 926, (2) Justo de Perio had been in the open, continuous, exclusive and notorious possession thereof for at least 10 years before July 26, 1912, and (3) his possession of the said parcels of land was in the concept of owner; and thus the court confirmed Justo de Perio's title thereto and ordered their registration in his name. If the Attorney General, the Director of Forestry, the Director of Lands and the Director of Public Works opposed the application, then it must be presumed that the court declared the said two parcels of land to be agricultural lands over their opposition. If they did not oppose, then it must be presumed that they agreed with the court that the said lands were really agricultural lands. It must be pointed out that the question as to whether the two parcels of land in question are agricultural lands and not timber lands is a question of fact and the finding of Judge Ostrand that they are agricultural can not be reviewed by this Honorable Court at this point in time [Petitioner's Memorandum, pp. 8-9; Rollo, pp. 211-212.]

Additionally, petitioner argued that the boundaries of the two parcels of land, as described in Decree No. 9328, debunk the contention that they are forest lands. The parcels of land were bounded by privately owned property. Moreover, they were described in the notice published in the March 1912 issue of the Official Gazette, pp. 766-767 as "lying within the Civil Reservation, town site of Olongapo, situated in the municipality of Olongapo, Province of Zambales, P.I." [Annex "A" of Petitioner's Memorandum; Rollo, pp. 222-223.]

On the other hand, the public respondent, through the Office of the Solicitor General, contended:

Records disclose that by virtue of Proclamation dated November 11, 1908, then Governor-General James F. Smith reserved for naval purposes certain lands of the public domain in Subic, Zambales which included the parcels of land embraced under Original Certificate of Title (OCT) No. 48 secured by De Perio in 1912. It was only in 1961 that such Proclamation was revoked by a subsequent issuance, Proclamation No. 731, issued by then President Garcia on February 2, 1961 and such portions already classified as alienable and disposable and not needed for government purposes were declared open for disposition under R.A. No. 274, in relation to C.A. 141 and Act No. 3038. This means that the lands, subject matter of the case, were portions of the U.S. naval reservation and were declared open for disposition only on February 2, 1961 [Public Respondent's Memorandum, p. 3; Rollo, p. 230.]

Public respondent then reiterated that "[a]t the time Original Certificate of Title No. 48 was issued on December 9, 1912, the parcel of land covered by the title was still within the forest zone and it was not until January 31, 1961 that said land was released by the Bureau of Forest Development as alienable and disposable under Land Classification Map No. 2427" [Ibid.]

It also added that "Land Classification Map No. 665 dated June 7, 1927 . . . shows that the parcels of land covered by OCT No. 48 were still part of the unclassified public forest at the time of the registration" [Public Respondent's Memorandum, p. 4; Rollo, p. 231.]

Weighing the arguments raised by the parties, we find that the Republic has failed to make out a convincing case for the annulment of the decree in Land Registration Case No. 6431. It has been established that the land registration court had jurisdiction over the two (2) parcels of land, and that OCT No. 48 and the Transfer Certificates of Title (TCT) derived from OCT No. 48 are valid.

Act No. 926, known as the Public Land Act, which was enacted into law on October 7, 1903 but which took effect on July 26, 1904, was the law applicable to De Perio's petition for confirmation of his title to the two (2) parcels of land. It provided:

SEC. 54. The following-described persons or their legal successors in right, occupying public lands in the

Philippine Islands, or claiming to own any such lands or an interest therein, but whose titles to such lands have not been perfected, may apply to the Court of Land Registration of the Philippine Islands for confirmation of their claims and the issuance of a certificate of title therefor to wit:

* * *

6. All persons who by themselves or their predecessors in interest have been in the open, continuous, exclusive, and notorious possession and occupation of agricultural public lands, as defined by said act of Congress of July first, nineteen hundred and two, under a bona fide claim of ownership except as against the Government, for a period of ten years next preceeding the taking effect of this Act, except when prevented by war or force majeure, shall be conclusively presumed to have performed all the conditions essential to a government grant and to have received the same, and shall be entitled to a certificate of title to such land under the provisions of this chapter.

* * *

In other words, a person who had been in open, continuous, exclusive and notorious possession and occupation of public agricultural land for a period of at least ten (10) years prior to July 24, 1904 could petition for the confirmation of his title over the land he had so possessed and occupied.

The land registration court confirmed De Perio's title to the two (2) parcels of land after due notice and hearing. From this, the following conclusions may be derived:

1. that the two (2) parcels of land are agricultural as defined by law, i.e., that they are neither timber land nor mineral land [Mapa v. Insular Government, 10 Phil. 175 (1908)];
2. that De Perio had been in open, continuous, exclusive and notorious possession and occupation of the two (2) parcels of land for at least ten (10) years prior to 1904;
3. that his possession and occupancy was under a bona fide claim of ownership; and
4. that under the law De Perio had title to the land as of 1904, although it was confirmed only later in 1912.

These conclusions serve as premises to arrive at other conclusions determinative of the case.

If the land is agricultural as defined by law, and as confirmed by Judge Ostrand, it could not have been forest land as claimed by public respondent, the subsequent land classification map notwithstanding. This conclusion is supported by the fact that the two (2) parcels of land were in the Olongapo townsite and were bounded by privately-owned land.

If De Perio had title to the land in 1904, although still imperfect, then it could not have been prejudiced by the proclamation of Governor-General Smith in 1908 which reserved for naval purposes land in Subic, Zambales. Said proclamation recognized the existence of private rights, thus:

* * *

. . . por la presente exceptuo de venta o colonizacion hasta nueva orden y separo para reserva naval, salvo los derechos privados, todos y cada uno de los terrenos publicos comprendidos dentro de los siguientes limites, a saber:

* * *

[Proclama del Gobernador General de las Islas Filipinas, 11 Noviembre 1908, para 2, 6 O.G. 1885 (2 December 1908).]

Public respondent has also failed to explain the Republic's sudden interest in the annulment of the decree and the certificate of title issued to De Perio and the subsequent titles issued to his successors after some seventy-three (73) years of inaction and after a portion of the land has been developed by petitioner into a subdivision and hundreds of residences have been built- thereon. At this point in time, that portion of land developed into a subdivision cannot, by any stretch of imagination, be conceived as forest land. Anyway, the area wherein the two (2) parcels of land are found, were released from the unclassified public forest and the territory comprising the Subic naval reservation way back in 1961.

Moreover, it is now almost thirty (30) years since the land was released in 1961. In a few more months, the possessors of the land would acquire title to the portions they adversely possess through acquisitive prescription, without need of title or of good faith, pursuant to the Civil Code [Art. 1137.].

Finally, we find the need to emphasize that in an action to annul a judgment, the burden of proving the judgment's nullity rests upon the petitioner. The petitioner must establish by clear and convincing evidence that the judgment is fatally defective. When the proceedings were originally filed by the Republic before the Court of Appeals, the petitioner contended that when the decree in favor of De Perio was issued by Judge Ostrand in 1912 the parcels of land were still part of the inalienable public forests. However, petitioner's case rested solely on land classification maps drawn several years after the issuance of the decree in 1912. These maps fail to conclusively establish the actual classification of the land in 1912 and the years prior to that. Before this Court, petitioner reiterates said contention and refers, for the first time, to a 1908 proclamation reserving the land in Zambales as a naval reservation and alleging that the subject parcels of land are parts thereof. These, for reasons discussed earlier, are insufficient to overcome the legal presumption in favor of the decree's regularity, more so when we consider that notice of the application for registration and the date of hearing thereof, addressed to the Attorney General, the Director of Lands, the Director of Public Works and the Director of Forestry, among others, was published in the Official Gazette and that Governor General Smith's Proclamation of 1908 itself recognizes private rights.

WHEREFORE, the petition is granted and the Court of Appeals is ordered to DISMISS CA-G.R. SP No. 06259.

SO ORDERED.

Gutierrez, Jr., Feliciano, and Bidin, JJ., concur.

Fernan, C.J., on leave.

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